HYDRO-ELECTRIC INQUIRY COMMISSION

REPORT

ON

COST OF MONEY ADVANCED

TO

THE HYDRO-ELECTRIC POWER COMMISSION

BY

THE PROVINCE OF ONTARIO

W. D. GREGORY, CHAIRMAN
M. J. HANEY
LLOYD HARRIS
J. ALLAN ROSS
R. A. ROSS
COMMISSIONERS

JOSEPH H. W. BOWER
SECRETARY

Report on Cost of Money Advanced to the

Hydro-Electric Power Commission of Ontario

by the

Province of Ontario.

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Hydro-Electric Power Commission of Ontario

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Province of Ontario.

To His Honour Henry Cockshutt,

Lieutenant-Governor of the Province of Ontario.

May it Please Your Honour:-

The cost of money employed in undertakings for the production and transmission of hydro-electric power or energy constitutes the main item in the total cost to the producer and distributor of such power or energy. It has, therefore, seemed fitting that we should point out to Your Honour the extent of the advances that have been made by the Province to the Hydro-Electric Power Commission of Ontario, (hereinafter called "the Commission") and should also report to Your Honour as to whether or not the sums that have been paid by the Commission to the Province in respect of these advances have equalled or exceeded the total cost to which the Province has been put in providing the moneys. The result of our inquiry and investigation is embodied in the following report, which, with the accompanying report prepared by our Accountants, Messrs. Price, Waterhouse & Co., is respectfully submitted to Your Honour.

Liability of the Province in respect of Hydro-Electric undertakings

The liabilities, direct and indirect, of the Province in respect of Hydro-Electric undertakings (including the expenditure on the Central Ontario System) amounted on March 31st, 1923, to about $162,000,000. The Province has also granted to

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the Commission over $2,500,000 to meet the cost of work of various kinds performed by it. These liabilities, together with certain advances made to the Commission by the Province, may be classified as follows:

Cash advances made by and repayable to the Province		$107,282,799.90
Guarantees given by the Province of Ontario in respect of bond issues for payment of which the Province is liable		42,994,831.95
Bonds issued by the Province of Ontario in respect of the purchase and expenditures on the Central Ontario System, which are not covered by sinking fund accretions except to a trifling extent		12,117,708.78
		$162,395,340.63
Less -		
Sinking Funds deposited with the Provincial Treasurer and Provincial securities held by the Commission at March 31st, 1923, to be deposited with the Provincial Treasurer:-		
Niagara and other power systems	$2,508,919.21	
Central Ontario System	28,663.60	2,537,582.81
		$159,857,757.82
Add -		
Money expended by the Commission to October 31st, 1922, which was advanced by the Province but is not recoverable by the Province		2,525,663.28
Balance -		
Provincial liability and expenditures in respect of the undertakings of the Hydro-Electric Power Commission		$162,383,421.10

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Balance - Provincial liability and expenditures in respect of the undertakings of the Hydro-Electric Power Commission		$162,384,421.10

Section 14 of The Power Commission Act provides that:

> "The Lieutenant-Governor in Council may from time to time raise by way of loan in the manner provided by The Provincial Loans Act such sums as the Lieutenant-Governor in Council may deem requisite for the purposes of this Act, and such sums may be paid over to the Commission and shall be accounted for and audited in the manner provided with respect to the management of the public revenue and public accounts;"

but the practice generally followed has been not to raise funds necessary for works of the Commission by loans specifically for that purpose, but to advance such funds out of general borrowings of the Province under the Annual Supply Bill or "Act for raising money on the credit of the Consolidated Revenue Fund".

Effect of Interest Rate on Cost of Power

For the purpose of illustrating the important part which interest plays in making up "cost of power", we give, in tabulated form, a list of Hydro-Electric Systems with the various changes making up the total cost, shown in percentages. These figures have been compiled from reports submitted to this Commission by our Consulting Engineer, and are for the year ending October 31st, 1921. The systems are considered generally under two headings:

(a) Systems in which all or practically all power is supplied by a generating plant forming part of the system;

(b) Systems in which power is purchased by the Commission from outside sources.

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but the practice generally followed has been not to raise funds necessary for works of the Commission by loans specifically for that purpose, but to advance such funds out of general revenues of the Province under the annual supply bill or "Act for raising money on the credit of the Consolidated Revenue Fund".

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(a) Systems in which all or practically all power is supplied by a generating plant forming part of the system;

(b) Systems in which power is purchased by the Commission from outside sources.

(a) Systems in which Power is generated

	Thunder Bay #	Ø Severn	Ø Wasdell's	Ø Eugenia	Muskoka	Rideau
Power Purchased	6.02	8.9	-	-	-	5.72
Interest	73.13	29.7	34.6	37.90	35.63	53.03
Renewals	-	18.0	15.2	19.05	19.56	21.55
Sinking Fund	-	9.0	13.4	5.65	2.77	-
Maintenance	3.37	11.7	7.9	11.60	10.13	2.82
Operating	11.93	9.5	18.1	7.25	20.38	9.41
Overhead and General Expense	5.55	12.6	10.2	18.02	10.42	6.87
Contingencies	-	0.6	0.6	0.53	1.11	0.60
Surplus	-	-	-	-	-	-
	100%	100%	100%	100%	100%	100%

NOTE: (#) - In 1921 Cameron Falls development had only two generators in operation and construction work was still under way. No renewals, contingencies or sinking fund charges had been applied at that time. As soon as these charges are applied the effect will be to reduce the ratio that interest bears to the whole cost, and the figure of 73% given may then be considerably reduced.

(Ø) - These three systems have an interchange of power and all purchase power from the Orillia plant, but each has its own generating plant as well.

(4)

(a) Expense in which Essay is concerned

	Sandar Lay & Sayers	%	% Wadsworth's	% Mugenia	Mankoba	Ridean
Power Purchased	6.02	1.7	-	-	-	2.72
Interest	73.13	24.7	34.6	27.30	26.68	28.02
Remuneration	-	18.6	15.2	19.12	19.86	11.27
Sinking Fund	-	9.7	18.4	5.66	2.77	-
Maintenance	3.07	11.7	7.9	11.25	10.15	2.92
Operating	11.93	4.9	28.1	7.12	20.38	9.41
Overhead and General Expense	2.88	17.6	18.1	12.04	14.44	4.27
Insurance	-	0.4	0.6	1.22	1.11	0.83
Surplus	-	-	-	-	-	-
	100%	100%	100%	100%	100%	100%

NOTE: (4) - In 1921 Cameron Falls development had only two generators in operation and construction work was still under way. In consequence, maintenance or sinking fund charges had not been applied at that time. As soon as these charges are applied the effect will be to reduce the ratio that interest bears to the whole cost, the figure of 73% given may then be expected to reduce.

(b) - These three systems have an interchange of power and all purchase power from the Orillia plant, but each has its own generating plant as well.

(b) Systems which purchase Power

	Niagara #	St.Lawrence	Thorold	Essex
Power Purchased	55.96	34.9	38.2	53.9
Interest	15.50	23.9	4.2	18.6
Renewals	7.49	15.7	1.1	13.3
Sinking Fund	4.93	7.8	2.3	4.1
Maintenance	3.84	5.3	0.4	13.6
Operating	4.51	2.3	0.8	4.3
Overhead and General Expense	6.90	9.6	-	12.2
Contingencies	0.87	0.5	-	-
Surplus	-	-	53.0	-
	100%	100%	100%	100%

NOTE: (#) - Niagara System in 1921 did not include the group of generating plants at Niagara and was shown in the books of the Commission as a purchaser of power.

It will be noted that in group (b) the item "Power Purchased" forms a large percentage of the cost and that "Interest" charges, while greatly reduced, still remain the largest of the group of seven standard items of cost. The item "Power Purchased", however, represents the price paid for power at the place of generation or delivery and so includes interest charges on the capital invested in all works connected with the actual generation. In the case of the St. Lawrence System it is not possible to analyze this cost, but for the Niagara, Thorold and Essex Systems the

(b) Entire main generation group

	Niagara	St.Lawrence	Thorold	Nasa
Lower Transmission	22.22	14.1	22.2	22.2
Interest	12.27	20.7	4.2	14.2
Renewals	7.49	18.7	1.1	12.3
Sinking Fund	4.92	7.8	2.5	4.1
Maintenance	5.94	5.3	0.4	12.6
Operating	4.31	2.3	0.8	4.3
Overhead and General Charges	4.10	4.6	-	12.1
Depreciation	0.47	0.0	-	-
Surplus	-	-	52.0	-
	100%	100%	100%	100%

NOTE: (1) - Nasa System in 1921 did not include the group of generating plants at Niagara and was shown in the books of the Commission as a purchaser of power.

It will be noted that in group (b) the item "Lower Transmission" forms a large percentage of the cost and that "Interest" charges, while greatly reduced, still remain the largest of the group of seven standard items of cost. The item "Lower Transmission" however, represents the price paid for power at the place of generation as delivery and so includes interest charges on the capital invested in all works connected with the actual generation. In the case of the St. Lawrence System it is not possible to analyze this cost, but for the Niagara, Thorold and Nasa Systems the

plants supplying the power are owned or controlled by the Commission and the cost can be analyzed.

Recently the Engineers of the Commission submitted to us estimates of operating expense of "The Combined Plants at Niagara", comprising The Ontario Power Company, The Toronto Power Company (Electrical Development Company) and the Queenston-Chippawa Power Development including the Toronto steam plant (not operating). These plants are supplying all power to the Niagara, Thorold and Essex Systems and other sundry customers. Details of these estimates will be given in a later report, but it is interesting to note that interest on the capital invested in the combined Niagara plants is estimated as amounting to approximately 70 per cent. of the cost of power.

A change of one per cent. in the interest rate makes a very appreciable difference in the cost of power, for instance, in the Niagara System the approximate effect that a change in the interest rate from 5 per cent. to 6 per cent. makes is that the cost of power is increased to the extent of 20% of 70% of the total cost; and a decrease of 1%, that is, interest at 4% instead of 5%, means a decrease of 20% of 70% of the cost.

The following table shows the maximum and minimum interest rates as at October 31st, 1922, for money borrowed during each of the years from 1915 to 1922, inclusive. It will be noted that there is a wide variation in the interest rates

plants supplying the power are owned or controlled by the Commission and the cost can be analysed.

Recently the Engineer of the Commission submitted to us estimates of operating expenses of "The Lowland Plants at Niagara", comprising the Ontario Power Company, the Toronto Power Company (Electrical Development Company) and the Queenston-Chippawa Power Development including the Toronto steam plant (not operating). These plants are supplying all power to the Niagara, Thorold and Welland Systems and other energy requirements. Details of these estimates will be given in a later report, but it is interesting to note that interest on the capital invested in the combined Niagara plants is estimated as amounting to approximately 70 per cent. of the cost of power.

A change of one per cent. in the interest rate makes a very appreciable difference in the cost of power, for instance, in the Niagara System the approximate effect that a change in the interest rate from 6 per cent. to 5 per cent. means is that the cost of power is increased to the extent of [illegible] or 70% of the total cost; and a decrease of 1%, that is, interest at 4% instead of 5%, makes a decrease in [illegible] 70% of the cost.

The following table shows the maximum and minimum interest rates as at October 31st, 1921, for some investments during each of the years from 1910 to 1921, inclusive. It will be noted that there is a wide variation in the interest rates

on borrowings for each year. This variation is due largely to loans of comparatively short terms which were refunded in subsequent years at higher or lower rates of interest.

Range of Effective Interest Rates as at October 31st, 1922, applicable to yearly borrowings for period 1915 to 1922, before deduting exchange

1915	4.947	per cent.	to 6.852	per cent.
1916	5.003	"	-	
1917	4.975	"	to 6.570	"
1918	5.1749	"	to 6.326	"
1919	5.1749	"	to 5.934	"
1920	4.777	"	to 6.8285	"
1921	5.225	"	to 6.8285	"
1922	5.17	"	to 6.4237	"

Long and Short-Term Loans

The terms of the loans secured during this eight-year period varied considerably, but a relatively small number of the loans were for what may be termed short-term periods. A large proportion of the money was borrowed for periods extending from ten to twenty and thirty years and the comparatively high rates of interest which some of the loans bear will, of course, continue throughout the whole of the term. The Province, however, borrowed more than $65,000,000 during 1918 to 1922 on short date securities for periods under a year, but a large portion of these sums was later refunded with long-term loans bearing a comparatively high rate of interest. However, some of the later short-term loans that were issued were refunded in 1922 at much lower rates of in-

on borrowings for each year. This variation is due largely to loans of comparatively short terms which were refunded in relatively years at higher or lower rates of interest.

Range of effective interest rates as at October 31st, 1922, applicable to yearly borrowings for periods 1916 to 1922, before refunding transfers

1916	4.947 per cent.	to	6.882 per cent.
1916	5.002 "		-
1917	4.978 "	to	6.470 "
1918	5.1749 "	to	6.756 "
1919	5.1749 "	to	6.964 "
1920	4.777 "	to	6.8828 "
1921	5.258 "	to	6.0288 "
1922	5.17 "	to	6.4237 "

Long and Short-Term Loans

The terms of the loans issued during this eight-year period varied considerably, and a relatively small number of the loans were for such may be termed short-term periods. A large proportion of the money was borrowed for periods ex-tending from ten to twenty and thirty years and the exceed-ingly high rates of interest which some of the loans bear will, of course, materially increase the costs of the loan. The previous, however, borrowed more than $20,000,000 during 1918 to 1922 on short term debentures for periods varies a year, but a large portion of these were not later refunded with long-term loan bearing a comparatively high rate of in-terest. However, some of the later short-term loans that were issued were refunded in 1922 at much lower rates of in-

terest than they originally bore.

At our request our Accountants have prepared a table, which appears as an appendix to this report, showing loans outstanding on November 1st, 1922, which comprise moneys which represent in greater or less degree advances to the Commission.

There is little doubt that there is and will continue to be a downward tendency in the rate of interest, but that the reduction on the moneys advanced to the Commission will be material for some years to come, appears unlikely, owing to the comparatively long periods for which most of the outstanding loans run.

Relations of Province and Commission

The manner in which the Commission has been financed by the Province, from its creation until the present time, shows many variations and affords a most interesting and instructive study. We have already shown the magnitude of the advances by the Province to the Commission - we shall now deal with the changes that have taken place in their relations, the extent to which the laws made were or were not acted upon, the methods of making up and rendering accounts, the cost to the Government of moneys advanced to the Commission, the amounts received by the Province from the Commission, and the present state of accounts between Government and Commission.

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As our request our Accountants have prepared a table, which appears as an appendix to this report, showing their outstanding on December 1st, 1918, which completes accounts which represent in greater or less degree advances to the Commission.

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Relations of Provinces and Territories

The manner in which the commission has been financed by the Provinces, from its creation until the present time, shows many variations and affords a most interesting and instructive study. It has already shown the magnitude of the advances by the Provinces to the Commission - we shall now deal with the changes that have taken place in their relations, the extent to which the loans made were or were not repaid, the methods of making up and rendering accounts, the cost to the Government of money advanced to the Commission, the amounts received by the provinces from the Commission, and the present state of accounts between Government and Commission.

Fixed Interest Rate Payable to Province

Prior to October 31st, 1914, the Commission was authorized by Statute to collect from the municipalities interest at the rate of four per cent. upon all moneys expended by the Commission on capital account for the construction or purchase of works, and this interest, when received by the Commission, was payable by it to the Province. If the rate of interest paid by the Government was more than four per cent., the additional amount was paid by the Province. If there were any losses on exchange the municipalities did not bear them; if there were any profits they did not share them. They paid 4 per cent. - no more - no less. This applies not only to all the loans raised for the purposes of the Commission that were outstanding prior to October 31st, 1914, but to all renewals of or substitutions for the loans outstanding at that date which have been made or which may be made hereafter.

Cost of Providing Money Payable

In 1915 the Power Commission Act was amended by providing that the Commission should collect from the municipalities in addition to 4 per cent.

> "such sum as the Lieutenant-Governor in Council may direct to cover the difference between the 4% interest charged on the moneys so expended on capital account and all charges and expenses of providing such money".

Fixed Interest Rate Payable in Perpetuity

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Year of Provincial Power Payable

In 1916 the Power Commission Act was amended by providing that the Commission should collect from the municipalities in addition to 4 per cent.

"such sum as the Lieutenant-Governor in Council may direct to cover the difference between the 4% interest charged on the moneys so expended on capital account and all charges and expenses of providing such moneys".

It will be noted that this amendment did not provide that the rate of interest paid by the municipalities should be increased, but by it power was given to the Lieutenant-Governor in Council to direct that there be paid the difference between four per cent. and all charges and expenses of providing the money.

Order-in-Council Passed

Although authorized to act, the Government took no action under this amendment until October 31st, 1917, when an Order-in-Council was passed directing that the sum of $51,290.11 be included in the annual payments to be made by the municipal corporations. This sum, the Order-in-Council set forth, was to cover all charges and expenses for the then current fiscal year of providing the money which had been advanced by the Province during the fiscal years 1915, 1916 and 1917, and was paid by the Commission to the Government.

While the Order-in-Council fixed the additional cost at $51,290.11, it appears that this sum represented only an increase in the interest rate of from 4 to 5 per cent. for the year 1917 on the moneys advanced to the Commission during the three years ending October 31st, 1917, and fell short of meeting the whole of the additional cost to which the Government had been put in providing the money. No Order-in-Council was passed directing payment by the municipalities

It will be noted that this amendment did not provide that the rate of interest paid by the municipalities would be increased, but by it power was given to the Lieutenant-Governor in Council to alter that rate so as to make the difference between four per cent. and all charges and expenses of negotiating the money.

Order-in-Council Passed

Although matters stood so, the Government took no action under this amendment until October 4th, 1917, when an Order-in-Council was passed directing that the rate of $4\frac{1}{2}$,280.11 be substituted in the annual payments to be made by the municipal corporations. This was, the Order-in-Council set forth, was to cover all charges and expenses for the then current fiscal year of providing the money which had been advanced by the Province during the fiscal years 1915, 1916 and 1917, and was paid by the Corporations to the Government.

While the Order-in-Council fixed the additional cost at $4\frac{1}{2}$,280.11, it appears that this was represented only as interest in the interest rate of from 4 to 5 per cent. For the year 1917 on the money advanced to the municipalities during the three years ending October 31st, 1917, and left short of meeting the works or the additional cost to which the Government had been put in providing the money. No Order-in-Council was passed directing payment by the municipalities

of any of the charges and expenses over 4% incurred during the fiscal years 1915 and 1916. For these years the municipalities paid only 4 per cent.

Change in Relations of Province and Commission

Up to this time the relations between the Commission and the Province had been that of agent to principal. All sums received by the Commission on account of interest or on account of moneys expended by it on behalf of the municipal corporations and others were received by it as trustee or agent of the Province and were payable by it to the Province, and the liability of the Commission to the Province was limited to the amount collected or collectible by the Commission as such trustee or agent.

In 1918 a radical change was made and the relation of the Commission to the Province was changed from one of agent to principal to one of debtor to creditor. The Commission was made directly liable for advances made by the Province and what is now sub-section 15(a) of The Power Commission Act was passed. This section read as follows:

> "The Commission shall pay to the Treasurer of Ontario annually interest on the indebtedness of the Commission to the Province for moneys advanced by the Province as may be from time to time determined by the Lieutenant-Governor in Council as sufficient to reimburse the Province the full amount of interest paid by the Government on moneys raised for the purposes of the Commission and the charges incurred by it in providing such money".

The obligation on the part of the Commission to pay over to the Province all moneys received by it from the

of any of the charges and expenses over 5% incurred during the fiscal years 1915 and 1916. For these years the municipalities paid only 4 per cent.

Change in Relations of Province and Commission

Up to this time the relations between the Commission and the Province had been that of agent to principal. All sums received by the Commission on account of interest or on account of moneys expended by it on behalf of the municipal corporations and others were received by it as trustee or agent of the Province and were payable by it to the Province, and the liability of the Commission to the Province was limited to the moneys collected or collectible by the Commission as such trustee or agent.

In 1918 a radical change was made and the relation of the Commission to the Province was changed from one of agent to principal to one of debtor to creditor. The Commission was made directly liable for advances made by the Province and that is now sub-section 1(a) of the Power Commission Act was passed. This section read as follows:

> "The Commission shall pay to the Treasurer of Ontario annually interest on the indebtedness of the Commission to the Province for moneys advanced by the Province as may be from time to time determined by the Lieutenant-Governor in Council as sufficient to reimburse the Province the full amount of interest paid by the Government on moneys raised for the purposes of the Commission and the charges incurred by it in providing such moneys".

The obligation on the part of the Commission to pay over to the Province all moneys received by it from the

municipalities on accountof interest, ceased. The Commission was now authorized to keep these moneys but was required to pay to the Province interest on the indebtedness of the Commission to the Province as might be determined by the Lieutenant-Governor in Council as sufficient to cover the interest paid by the Government and the charges incurred by the Government in providing the money.

The obligation on the part of the municipalities to pay 4 per cent. to the Commission still continued, but under the provisions of Section 23(c) of The Power Commission Act they were required to pay in addition:

> "such sum as the Lieutenant-Governor in Council may direct to cover the difference between the four per cent. interest charged on the money .... and all charges and expenses of providing such money".

Orders-in-Council necessary

It became, therefore, necessary to pass two Orders-in-Council, one fixing from time to time the interest which the Commission should pay annually to the Province, another fixing the rate in addition to 4 per cent. which should be paid by the municipalities to the Commission. Strange to say, from the time that the amendments to the Act were made in 1918 to the present time, no Order-in-Council has been passed either fixing the rate of interest to be paid the Province or fixing the rate to be collected by the Commission from the municipalities over and above 4 per cent. The practice appears to

municipalities on account interest, usual. The Commission was unwilling to keep these moneys but was required to pay to the Province interest on the indebtedness of the municipalities to the Province as might be determined by the Lieutenant-Governor in Council as sufficient to cover the interest paid by the Government and the charges incurred by the Government in providing the money.

The obligation on the part of the municipalities to pay a per cent. to the Commission will remain, but under the provisions of Section 22(a) of the Power Commission Act they were required to pay in addition:

> "an amount equal to the difference between the Government-Interest in Council may direct to be the difference between the four per cent. interest charged on the money ..... and all charges and expenses of providing such money".

Debts-in-Council necessary

It became, therefore, necessary to pass the Debts-in-Council, one fixing from time to time the interest which the Commission should pay annually to the Province, another fixing the rate in addition to 4 per cent. which should be paid by the municipalities to the Commission. Strange to say, from the time that the amendments to the Act were made in 1913 to the present time, no Debt-in-Council has been passed setting the rate of interest to be paid the Province or fixing the rate to be collected by the Commission from the municipalities over and above 4 per cent. The practice appears to

have been for the Department of the Provincial Treasurer to render an account to the Commission and the Commission has then apparently collected from the municipalities on the basis of the amount with which it has been charged in the account so rendered. The failure of the Government to pass any Order-in-Council was pointed out to us by Hon. Mr.Lucas at one of our hearings.

Without the determination by the Lieutenant-Governor in Council under Section 15(1a) of the amount to be paid each year by the Commission to the Province for interest, the Province would appear to have had no direct authority under the Act for collection by it of any interest from the Commission subsequent to the enactment of Section 15(1a) in 1918; and in the absence of any Order-in-Council fixing the excess over and above 4 per cent. to be paid by the municipalities to the Commission under Section 23(c) of the Power Commission Act, the Commission appears to have no authority to collect the additional amount from the municipalities. With large advances each year amounting now in the aggregate to over $100,000,000, it seems most surprising that the plain provisions of the Act should have been disregarded and the amount of interest payable to the Government and charged to the municipalities should have been fixed by subordinate officers in the Department of the Provincial Treasurer.

have been for the Department of the Provincial Treasurer to render an account to the Commission and the Commission has then apparently collected from the municipalities on the basis of the account as it will be been charged in the account as rendered. The failure of the government to pass any Order-in-Council was pointed out to us by Mr. Lucas at one of our hearings.

Without the determination by the Lieutenant-Governor in Council under Section 12(1a) of the amount to be paid each year by the Commission to the Province for interest, the Province could argue to have had no direct authority under the act for collection by it of any interest from the Commission subsequent to the enactment of Section 12(1a) in 1958; and in the absence of any Order-in-Council fixing the amount over and above 4 per cent, to be paid by the municipalities to the Commission under Section 12(1) of the Lower Mainland Act, the Commission Agreement is here no authority to collect the additional amount from the municipalities. With large matters each year amounting now in the aggregate to over $100,000,000, it seems most surprising that the plain provisions of the Act should have been disregarded and the amount of interest payable to the Government not stated to the municipalities should have been fixed by subsidiary officers in the Department of the Provincial Treasurer.

Checking Statements Rendered

During the course of our inquiry it appeared doubtful from the evidence given before us if the Government was receiving from the Commission the total cost of the money which it had advanced to it. We thereupon took the matter up with the Government and requested it to let our Accountants have full access to the records of the Treasury Department in order that they might be able to report to us upon this question. Our application was at once granted and our Accountants, Messrs. Price, Waterhouse & Co., made a thorough investigation of the accounts between the Government and the Commission from October 31st, 1914, to October 31st last, and submitted to us the report which accompanies thisreport to Your Honour. From this report we have compiled the two statements which follow.

It will be noted that in the first column of the first statement is shown the actual cost to the Province of the money advanced by it to the Commission. This cost is made up of all charges and expenses of providing the money, including interest. In the second column is shown the amount paid by the Commission to the Province in each year in respect of the borrowings of those years, and in the third and fourth columns is shown the excess of the cost to the Government over and above the amount received by it from the Commission, or the excess of the amount paid by the Commission to the Province over and above the cost. From this statement it will be seen that the amount paid by the Commission to the

Canadian Inventors Advance

During the course of our inquiry it appeared important from the evidence given before us if the Government was receiving from the Commission the full cost of the money which it had advanced to it. We therefore took the matter up with the Government and requested it to let our Commission have full access to the records of the Treasury Department in order that they might be able to report to us upon this question. The application was at once granted and our accountant, Mr. Price, Waterhouse & Co., made a thorough investigation of the accounts between the Government and the Commission from October 21st, 1914, to October 31st, 1918, and submitted to us the report which accompanies this report as Exhibit Marked. From this report we have compiled the two statements which follow.

It will be noted that in the first column of the first statement is shown the actual cost to the Province of the money advanced by it to the Commission. This cost is made up of all charges and expenses of providing the money, including interest. In the second column is shown the amount paid by the Commission to the Province in each year in respect of the borrowings of those years, and in the third and fourth columns is shown the excess of the cost to the Government over and above the amount received by it from the Commission, or the excess of the amount paid by the Commission to the Province over and above the cost. From this statement it will be seen that the amount paid by the Commission to the

Province for the fiscal years 1915 to 1922, inclusive, fell short of the total cost to the Province of the moneys advanced to the Commission for its undertakings during that period by $1,255,395.23.

Statement showing the Adjustment of Interest between the Province of Ontario and the Hydro-Electric Power Commission of Ontario for the period from October 31st, 1914, to October 31st, 1922, before applying Exchange Profits.

Money Advanced In	Actual Cost of Money Advanced to Hydro	Amount Paid by Hydro	Excess of Cost over Amount paid by Hydro	Excess of Amount paid by Hydro over Cost
1915	$ 991,754.78	$ 833,480.73	$ 158,274.05	
1916	473,552.00	437,462.63	36,089.37	
1917	1,780,442.98	1,517,337.82	263,105.16	
1918	2,312,486.29	2,256,011.25	56,475.04	
1919	2,689,716.38	2,138,987.46	550,728.92	
1920	2,913,847.70	2,642,893.83	270,953.87	
1921	3,452,293.82	3,485,247.10		$ 32,953.28
1922	238,427.80	225,164.37	13,263.43	
Total	$14,852,521.75	$13,536,585.19	$1,348,889.84	$ 32,953.28

Less - Excess of Amount paid by Hydro over cost	32,953.28
Net Excess of Cost over amount paid by Hydro	$1,315,936.56
Less - Approximate amount applicable to the Central Ontario System owned by the Province	60,541.33
Net Balance	$1,255,395.23

Profits for the fiscal years 1912 to 1918, inclusive, fell short of the total cost to the Province of the moneys advanced to the Commission for its undertakings during that period by $1,255,072.02.

Statement showing the Adjustment of Interest between the Province of Ontario and the Hydro-Electric Power Commission of Ontario for the period from October 31st, 1914, to October 31st, 1922, before supplying Transmission Profits.

Money advanced in	Actual Cost of Money advanced to Hydro	Amount paid by Hydro	Excess of Cost over Amount paid by Hydro	Excess of Amount paid by Hydro over Cost
1912	$ 921,[illegible]	$ [illegible]	$ 182,474.02	
1913	472,[illegible]	427,422.02	36,089.37	
1917	1,760,642.32	1,117,237.32	182,142.14	
1918	2,[illegible],462.42	2,[illegible],011.32	36,472.04	
1919	2,689,716.32	2,138,987.46	850,728.92	
1920	2,912,847.70	2,642,893.83	270,958.87	
1921	3,422,372.22	2,428,227.12		$ 12,944.32
1922	342,827.63	312,142.37	12,285.43	
Total	$14,[illegible],[illegible].72	$12,[illegible],[illegible].47	$1,[illegible],[illegible].94	$ 12,[illegible].32
Less - Excess of Amount paid by Hydro over cost				32,958.28
Net Excess of Cost over amount paid by Hydro				$1,315,936.36
Less - Approximate amount applicable to the Central Ontario System owned by the Province				60,141.32
Net Balance				$1,255,795.23

Profits from Exchange

During the foregoing period, however, the Government, in issuing certain loans payable in New York, paying off other loans, and in meeting interest on loans payable in New York, incurred substantial profits and losses in exchange, but the profits largely exceeded the losses. Part of these loans on which there was a net profit, were advanced to the Commission, and if a part of the profit corresponding to the portion advanced to the Commission be credited to the Commission, the effect would be to considerably reduce the loss the Province has sustained. The following statement shows that if this were done, the cost to the Province of the money advanced by it for the Commission's undertakings over and above the amount received by it from the Commission would be $643,271.46. The statement follows:

Profits from Business

During the foregoing period, however, the Government, in issuing certain loans payable in New York, unlike other loans, and in making interest on loans payable in New York, incurred substantial profits and losses in exchange, but the profits largely exceeded the losses. Part of these loans in which there was a net profit, were advanced to the Dominion, and if a part of the profit accruing to the provinces, payable to the Dominion or credited in the Dominion, the effect would be to considerably reduce the loss the Provinces are entitled. The following statement shows that if this were done, its cost to the Province of the money advanced by it for the Dominion's undertakings over and above the interest received by it from the dominion would be $141,44. The statement follows:

Statement showing the Adjustment of Interest between the Province of Ontario and the Hydro-Electric Power Commission of Ontario for the period from November 1st, 1914, to October 31st, 1922, after applying Exchange Profits.

Money Advanced In	Actual Cost of Money Advanced to Hydro	Amount Paid by Hydro	Excess of Cost over Amount paid by Hydro	Excess of Amount paid by Hydro Over Cost
1915	$ 974,215.11	$ 833,480.73	$140,734.38	
1916	470,561.27	437,462.63	33,098.64	
1917	1,780,442.98	1,517,337.82	263,105.16	
1918	2,135,737.99	2,256,011.25		$120,273.26
1919	2,403,447.29	2,138,987.46	264,459.83	
1920	2,826,099.92	2,642,893.83	183,206.09	
1921	3,397,059.55	3,485,247.10		88,187.55
1922	232,461.70	225,164.37	7,297.33	
Total	$14,220,025.81	$13,536,585.19	$891,901.43	$208,460.81

Less - Excess of Amount paid by Hydro over Cost	208,460.81
Net Excess of Cost over amount paid by Hydro	$683,440.62
Less - Approximate amount applicable to the Central Ontario SYstem owned by the Province	40,169.16
Net Balance	$643,271.46

Cost largely exceeds Receipts

The foregoing statements show that if the profits on exchange since October 31st, 1914, be not taken into account, the cost to which the Province has been put since that date in providing moneys for the undertakings of the Commission exceeds the amount received by it from the Commission by $1,255,395.23, and that if the profits received by the Province for exchange

Statement showing the Adjustment of Interest between the Province of Ontario and the Hydro-Electric Power Commission of Ontario for the period from November 1st, 1914, to October 31st, 1922, after applying remedy proviso.

Money Advanced In	Actual Cost of Money Advanced to Hydro	Amount Paid by Hydro	Excess of Less over Amount paid by Hydro	Excess of Amount paid by Hydro Over Cost
1918	$ 974,218.11	$ 833,480.73	$140,734.38	
1919	477,321.27	417,444.63	59,876.64	
1920	1,780,444.98	1,017,237.93	763,197.15	
1921	3,125,727.79	2,124,011.23		$1,001,716.56
1922	2,405,447.29	2,139,987.46	264,459.83	
1920	2,236,099.53	2,053,594.83	182,504.70	
1921	3,327,937.07	3,483,847.52		155,910.45
1922	322,461.70	314,144.17	7,317.53	
Total	$14,132,056.14	$12,386,255.19	$1,745,800.95	$1,157,627.01

Less -

Excess of Amount paid by Hydro over Cost 588,460.81

Net Excess of Less over amount paid by Hydro $1,157,167.14

Less -

Approximate amount applicable to the Central Ontario System owned by the Province 40,169.16

Net Balance $1,117,000.00

Net Interest Excess Remedy

The foregoing statements show that if the profits on exchange since October 31st, 1922, be not taken into account, the sum to which the Province has been put since that date in providing money for the undertakings of the Commission exceeds the amount received by it from the Commission by $1,232,372.53, and that if the profits received by the C

arising in connection with transactions relative to loans issued subsequent to November 1st, 1914, are taken into account the cost to which the Government has been put in excess of the amount received by it from the Commission is $643,271.46

If it is assumed that the 4% charged during 1915 and 1916 and the 5% charged during 1917 are final interest charges and that the actual cost is recoverable thereafter on all advances made subsequent to November 1st, 1914, the excess of cost to the Province over and above the amount paid by the Commission to October 31st, 1922, would be $578,139.02 after applying exchange profits arising in connection with loans issued subsequent to October 31st, 1914, and $193,330.96 after applying all exchange profits.

In arriving at the foregoing amounts our Accountants have not computed interest on the balances due the Province in the respective years. If interest on these balances were added, the amount of cost to the Province over and above the amount received would be largely increased.

Losses of Province on Interest

The Province, when borrowing funds for the Commission, pays interest from the date that it received the money, but it frequently holds a large portion of the borrowed money for the Commission until such time as the Commission may require it, paying the full rate of interest on it but receiving only bank interest itself. No part of this loss has been

arising in connection with transactions relative to Issue learned subsequent to October 1st, 1916, are taken into account the date to which the Government has been put in excess of the amount received by it from the Commission is $844,171.46

If it is assumed that the 4% charged during 1915 and 1916 and the 5% charged during 1917 are first interest charges and that the actual cost is recoverable thereafter on all advances made subsequent to December 1st, 1916, the excess of cost to the Province over and above the amount paid by the Commission to October 31st, 1922, would be $872,139.52 after applying exchange profits arising in connection with loans issued subsequent to October 31st, 1916, and $193,380.91 after applying all exchange profits.

In arriving at the foregoing amounts our inspectors have not computed interest on the balances due the Province in the respective years. If interest on these balances were added, the amount of cost to the Province over and above the amount received would be largely increased.

Losses of Province on Interest

The Province, when borrowing funds for the Commission, pays interest from the date that it receives the money, but it frequently holds a large portion of the borrowed money for the Commission until such time as the Commission may require it, paying the full rate of interest on it but receiving only half interest itself. No part of this loss has been

charged the Commission although it is incurred through borrowing for it. It is not included in the amounts with which the Commission is charged in the foregoing statements.

Profits and Losses on Exchange

A number of the Provincial loans raised largely, if not wholly, for the Commission, are payable in New York, and at the present time a substantial premium has to be paid on remittances made for interest. It has been suggested to us that one alternative would be to give the Commission no credit for the profits on exchange but to hold the amount received as such profits in a suspense account and draw on it for the premiums that have to be paid in remitting interest, but the fairer course has appeared to us to be to give credit to the Commission for these profits now, charging it with exchange as it is paid, and the statements have been made up on this basis. In making up the annual accounts for the Commission, the officials of the Treasury Department made no charge whatever for exchange which the Province had to provide when making interest payments.

Our Accountants have gone over the foregoing statements with Mr. Clarkson, the Government Auditor of the Commission's accounts, and he has expressed his full concurrence with them with the exception hereinafter noted. Mr. Clarkson informs us that he has not had access to the records of the Treasury

charged the Commission although it is observed through neglecting for it. It is not implied in the manner with which the commission is charged in the foregoing statements.

Profits and Losses on Systems

A number of the Provincial loans raised largely, it not wholly, for the Commission, are payable in New York, and at the present time a substantial premium has to be paid on remittances made for interest. It has been suggested to us that one alternative would be to give the Commission no credit for the profits on exchange but to hold the amount received as such profits in a separate account and draw on it for the premium that have to be paid in remitting interest, but the fairer course has appeared to us to be to give credit to the Commission for these profits now, charging it with exchange as it is paid, and the statements have been made up on this basis. In making up the annual accounts for the Commission, the officials of the Treasury Department made no charge whatever for exchange which the Province had to provide when making interest payments.

Our Accountants have gone over the foregoing statements with Mr. Stevens, the Government Auditor of the Commission's accounts, and he has expressed his full concurrence with them with the exception hereinafter noted. Mr. Stevens informs us that he has not had access to the records of the Treasury

Department and has had no opportunity of verifying the correctness of the rate of interest charged to the Commission, and in checking the accounts of the Commission has accepted the account rendered by the Treasury Department to the Commission as correct.

Profits on other Exchange Operations

Among the outstanding loans of the Province were three Sterling loans payable in London, England, amounting in all to £3,657,841, all of these being free from succession duty. One of the loans was to mature in 1946, another in 1947 and the third in 1965. The first and second of these loans were issued for the construction of the Temiskaming & Northern Ontario Railway, the third one for the general purposes of the Province, and a portion of this loan probably went to the Commission. The Government decided to acquire this stock in order, it is said, that it might not thereafter form a part of the assets of estates subject to succession duty. The main purchases of these bonds were made by the Government in 1920 but purchasing was continued during 1921 and 1922. The money to purchase the bonds in 1920 was raised by a loan in New York which bore interest at 6 per cent. and sold at 91.633, or at an approximate cost, after deducting expenses, of 8%. All of the proceeds of this loan, with the exception of about $5,000, were transmitted direct from New York to London and used for the purchase of the bonds there.

Department and has had no opportunity of verifying the correctness of the rate of interest charged to the Commission, and in checking the accounts of the Commission has accepted the account rendered by the Treasury Department to the Commission as correct.

Profits on other Municipal Operations

Among the outstanding loans of the Province were three debenture loans payable in London, England, amounting in all to £2,607,941, all of these being free from encumbrances. One of the loans was to mature in 1966, another in 1967 and the third in 1968. The first and second of these loans were issued for the construction of the Temiskaming & Northern Ontario Railway. The third one for the general purposes of the Province, and a portion of this loan probably went to the Commission. The Government decided to acquire this stock in order, it is said, that it might not be carried from a part of the assets of certain subject to succession duty. The main purchase of these bonds were made by the Government in 1920 but purchasing was continued during 1921 and 1922. The money to purchase the bonds in 1920 was raised by a loan in New York which bore interest at 6 per cent. and sold at 91.875, or at an approximate cost, after deducting expenses, of 9%. All of the proceeds of this loan, with the exception of about £2,000, were transmitted direct from New York to London and used for the purposes of the bonds there.

Owing to the rate of exchange between New York and Great Britain prevailing at the time, the direct profits on the purchase of the bonds amounted in all to $1,590,908.88. It has been contended that the Province should share with the Commission the profits on this purchase, but our Accountants take the position that no part of it should be credited to the Commission. They point out that the rate of interest that was payable by the Commission to the Province at the time that these bonds were issued was a fixed rate of 4 per cent., the money having been borrowed before the period when the Commission was required to pay to the Province the entire cost of procuring the money, and that the Commission continues to pay this rate although it is much less than the rate paid by the Government. They also state that the most of the money was raised originally for the Temiskaming & Northern Ontario Railway; that the purchase was for a specific purpose - that was, to prevent these bonds being used as a means of reducing succession duties payable to the Government; that the proceeds of the loan did not come to the Treasury but went from New York to England. For these and other reasons they state that there is no ground whatever for crediting the Commission with any part of the profits from this particular transaction. We fully concur in the conclusions arrived at by our Accountants. Mr. Clarkson, on the other hand, contends for the reasons set forth in a statement contained in our

owing to the rate of exchange between New York and Great Britain prevailing at the time, the direct profits on the purchase of the bonds amounted to $1,272,272.00. It has been contended that the Provinces should share with the Commission the profits on this purchase, but our Accountants take the position that no part of it should be credited to the Commission. They point out that the rate of interest that was payable by the Commission to the Province at the time that these bonds were issued was a fixed rate of 6 per cent; the money having been borrowed before the policy was a guarantee the security is payable to the Provinces the entire cost of procuring the money, and that the Commission continues to pay this rate although it is much less than the rate paid by the Government. They also state that the most of the money was raised originally for the Toronto Hamilton & Northern Ontario Railway; that the purchase was for a specific purpose - that was, to prevent these bonds being used as a means of reducing succession duties payable to the Government; that the proceeds of the loan did not come to the Treasury but went from New York to England. The Chairman and other members say that there is no ground whatever for crediting the Commission with any part of the profits from this particular transaction. The fully-owner is the Commission arrived at by our Accountants. Mr. Harrison, on the other hand, contends for the reasons set forth in a statement contained in our

Accountants' report submitted herewith, that $384,808.06 of the profits on this transaction should be credited to the Commission, leaving the amount which the loans for the undertakings of the Commission have cost the Province over and above the amount received from the Commission, $258,463.40 instead of $643,271.46 as shown by our Accountants.

We are advised that the provisions of the Power Commission Act and amendments thereto clearly indicate that it was the intention of the Legislature that the Province should be reimbursed by the Commission and that the Commission should be reimbursed by municipal corporations and others the full amount paid by the Province for interest and charges upon moneys raised for purposes of the Commission since the enactment of Section 15(1a) in 1918, and possibly upon moneys so raised since October 31st, 1914.

Ontario Niagara Development Act

Attention may here be drawn to a complication which may arise when dealing with the interest situation on account of the provisions of The Power Commission Act being apparently applicable only in a limited degree, and where expressly made so, to the works undertaken under The Ontario Niagara Development Acts of 1916 and 1917. Section 15(1a) and other provisions of The Power Commission Act would naturally be supposed to apply only to works undertaken under the provisions of that

Auditors' report mentioned earlier, $1,224,408.05 of the profits on this transaction would be credited to the Commission, leaving the amount which the Lower for the undertakings of the commission are cost the province over and above the amount received from the Commission, $222,343.42 instead of $245,271.46 as shown by our accounts.

We are advised that the provisions of the Power Commission Act and amendments thereto clearly indicate that it was the intention of the Legislature that the Province should be reimbursed by the Commission and that the Commission should be relieved by making expenditures and deduct the full amount paid by the Province for interest and charges upon moneys raised for purposes of the Commission since the commencement of section 18(2a) in 1911, and presently upon moneys so raised since October 31st, 1914.

Public Works Development Act

Attention may here be drawn to a complication which may arise when dealing with the interest situation on account of the provisions of the Power Commission Act being apparently applicable only in a limited degree, and where expressly made so, to the works undertaken under the Public Works Development Act of 1912 and 1917. Section 18(2a) and other provisions of the Power Commission Act would naturally be supposed to apply only to works undertaken under the provisions of that

Act unless expressly made applicable to others. Consideration, we think, might well be given to the fact that special provision is made under The Ontario Niagara Development Act, 1916, with regard to moneys required for construction and operation of the works contemplated by that Act.

Suspense Account for Arrears of Interest

Attention is further drawn to the desirability of considering whether or not the Power Commission Act should be amended so as to authorize the Government to carry in a Suspense Account the arrears of interest (amounting to $360,915.75 at 31st October, 1921) payable on advances for the purposes of the Cameron Falls development.

Unbusinesslike Methods

It is quite apparent from the statements made by Messrs. Price, Waterhouse & Co. in their report to us that a much closer check should be kept by the Government on the methods employed in arriving at the average rate chargeable. Some of the items omitted and the manner in which the calculations were made points strongly to the conclusion that they were made without full understanding of all the factors necessary for accurate results. With present cash advances by the Province aggregating over $107,000,000, the fixing of the rate to be paid by the Commission should hardly be left to subordinate officials in the Department of the Provincial Treasurer.

Act unless expressly made applicable to others. Our intention, we think, might well be given to the fact that special provision is made under the Cameron Highlands Development Act, 1926, with regard to modes required for construction and operation of the works contemplated by that Act.

Statutory Income for Payment of Interest

Attention is first drawn to the desirability of providing whether or not the Power Development Act should be amended so as to authorize the Government to carry in a Purchase Account the arrears of interest (amounting to $300,000.00 as that Company, just [illegible] in advance for the purposes of the Cameron Falls development.

Characteristic Matters

It is quite apparent from the statements made by Messrs. Price, Waterhouse & Co. in their report to us that a much closer check should be kept by the Government on the methods employed in arriving at the average rate charges. Some of the items contained are the manner in which the calculations were made points strongly to be emphasized that they were made without full measurements of all the factors necessary for accurate results. With present rate charges by the Provincial Government over $127,000.00, the fixing of the rate to be paid by the Commission should merely be left to authoritative officials in the Department of the Provincial Treasurer.

Desirability of Clearing Up Situation

So long as the existing law continues in force it should be observed and the rate to be paid by the Commission to the Province and by the municipalities to the Commission determined by Order-in-Council. Doubtless before the amount annually payable is finally fixed every facility to verify and check the statement will be given to the Commission and to the Auditor. The present situation is certainly one that should be cleared up by such action as to Your Government may seem just and equitable.

All of which is respectfully submitted.

COPY

DATED AT TORONTO, Sept. 21st 1923

W. D. Gregory, Chairman
M. J. Haney
Lloyd Harris
J. Allan Ross
R. A. Ross

Desirability of Giving Up Bluejeans

So long as the existing low exchange in force in Russia is observed and the rate is to be paid by the Commission in the Provinces and by the municipalities in the Semiryion Intervals by Order-in-Council. Questions before the Council usually provide in finally fixed every facility to verify and check the statement will be given to the Commission and to the auditor. The present situation is a peculiarly bad one that should be cleared up by such action at to that disturbances may come just and equitably.

All of which is respectfully submitted.

PASSED AT SUBCOMMITTEE 1923

W. D. McKenzie,
M. J. Hanna
L. [illegible]
J. Allan Ross
E. A. [illegible]

HYDRO-ELECTRIC POWER COMMISSION ONTARIO

Date of Issue	Loan Series	Description		Proceeds Applicable to year's money	Effective Interest rate before deducting exchange	Term to run from Oct. 31, 1922	Maturity
				1915 - MONEY			
May 1, 1915	L	$4,000,000	10 yr 4½s	$3,861,805.00	4.947 %	2-1/2 years	May 1, 1926
June 1, 1916	-	4,000,000	10 yr 5s	77,863.74	5.0031	3-7/12 years	June 1, 1926
Feb. 1, 1917	N	2,000,000	10 yr 5s	1,942,125.64	5.069	4-1/12 years	Dec. 1, 1926
Aug. 15, 1919	EE	3,000,000	5 yr 5½s	1,776,642.78	5.597	1-19/24 years	Aug. 15, 1924
Feb. 1, 1920	HH	3,000,000	10 yr 5½s	1,527,825.87	[illegible]	7-1/16 years	Jan. 1, 1930
Apr. 1, 1920	KK	2,000,000	15 yr 6s	1,002,027.50	5.934	12-5/12 years	Apr. 1, 1935
				1916 - MONEY			
June 1, 1916	-	4,000,000	10 yr 5s	1,000,000.00	5.003	3-7/12 years	June 1, 1926
				1917 - MONEY			
Jan. 1, 1917	-	1,000,000	5 yr 5s	1,001,617.15	4.975	2 months	Jan.1, 1923
Jan. 15, 1918	-	2,000,000	5 yr 6½s	1,969,753.00	6.5	2-1/2 months	Jan. 15, 1923
				1918 - MONEY			
Feb.,1, 1918	T & U	3,000,000	10 yr 6s	2,900,051.35	6.326	5-1/4 years	Feb. 1, 1928
May 15, 1918	V, W & X	4,250,000	10 yr 6s	4,154,853.43	6.076	5-13/24 years	May 15, 1928
Aug. 15, 1918	Y	1,750,000	10 yr 6s	1,705,178.92	6.076	5-19/24 years	Aug. 15, 1928
Apr. 1, 1922	[illegible]	15,000,000	30 yr 5s	3,000,000.00	5.1749	29-5/12 years	Apr. 1, 1952
Jan. 3, 1922	[illegible]	15,000,000	15 yr 5½s	484,876.67	5.365	14-1/6 years	Jan. 3, 1937
Nov. 15, 1920	[illegible]	5,000,000	7 yr. 6s	334,000.00	[illegible]	5-1/24 years	Nov. 15, 1927
Feb. 1, 1921	SS	10,000,000	20 yr 6s	668,000.00	6.2879	18-1/4 years	Feb. 1, 1941
				1919 - MONEY			
Jan. 3, 1922	ZZ	15,000,000	15 yr 5½s	2,386,095.78	5.365	14-1/6 years	Jan. 3, 1937
Apr. 1, 1922	AB	15,000,000	30 yr 5s	3,894,584.85	5.1749	29-5/12 years	Apr. 1, 1952
Aug. 15, 1919	EE	3,000,000	5 yr 5½s	1,069,828.87	5.597	1-19/24 years	Aug. 15, 1924
Dec.1, 1919	GG	3,000,000	10 yr 5½s	1,936,051.52	5.80	7-1/12 years	Dec. 1, 1929
Apr. 1, 1920	KK	2,000,000	15 yr 6s	972,644.38	5.934	12-5/12 years	Apr. 1, 1935
Mar. 1, 1920	JJ	5,000,000	5 yr 5½s	4,501,802.24	5.357	2-1/3 years	Mar. 1, 1925

Date of Issue	Loan Series	Description		Proceeds Applicable to year's money	Effective Interest rate before deducting exchange	Term to run from Oct. 31, 1922	Maturity
				1920 - MONEY			
Dec. 1, 1919	GG	$ 3,000,000	10 yr 5½s	$ 566,740.38	5.80 %	7-1/12 years	Dec. 1, 1929
Apr. 1, 1920	KK	2,000,000	15 yr 6s	12,991.50	5.934	12-5/12 years	Apr. 1, 1935
June 15, 1920	MM	8,000,000	10 yr 6s	7,854,099.62	6.2479	7-15/25 years	June 15, 1930
Oct. 1, 1920	NN	3,000,000	3 yr 6s	2,855,187.43	4.777	11 months	Oct. 1, 1923
Sept. 23, 1919	FF	4,000,000	10 yr 5½s	3,640,409.40	6.2575	6-11/12 years	Sept. 23, 1929
Nov. 15, 1920	PP	5,000,000	7 yr 6s	2,985,059.25	5.225	5-1/24 years	Nov. 15, 1927
Dec. 1, 1920	RR	16,000,000	15 yr 6s	4,025,000.00	6.8285	13-1/12 years	Dec. 1, 1935
Sept. 15, 1921	WW & YY	10,289,500	22 yr 6s	5,970,000.00	6.2052	20-7/8 years	Sept. 15, 1943
June 15, 1922	F	1,000,000	6 mos. 5½s	950,000.00	5.7603	1-1/2 months	Dec. 15, 1922
				1921 - MONEY			
Nov. 15, 1920	PP	5,000,000	7 yr 6s	1,331,803.17	5.225	5-1/24 years	Nov. 15, 1927
Dec. 1, 1920	RR	16,000,000	15 yr 6s	10,717,786.00	6.8285	13-1/12 years	Dec. 1, 1935
Feb. 1, 1920	SS	10,000,000	20 yr 6s	9,008,910.00	6.2879	18-1/4 years	Feb. 1, 1941
May 2, 1921	TT	14,523,000	15 yr 6s	14,211,878.51	6.2182	13-1/2 years	May 2, 1936
Sept. 15, 1921	WW & YY	10,289,500	22 yr 6s	3,990,378.00	6.2052	20-7/8 years	Sept. 15, 1943
Sept. 15, 1921	UU & XX	15,000,000	22 yr 6s	14,498,369.20	5.488	20-7/8 years	Sept. 15, 1943
Jan. 3, 1922	ZZ	15,000,000	15 yr 5½s	9,982,286.26	5.365	14-1/6 years	Jan. 3, 1937
July 15, 1922	G	5,000,000	6 mos 5½s	4,982,143.51	6.0183	2-1/2 months	Jan. 15, 1923
June 15, 1922	F	1,000,000		44,980.00	5.7603	1-1/2 months	Dec. 15, 1922
				1922 - MONEY			
Jan. 3, 1922	ZZ	15,000,000	15 yr 5½s	1,125,638.26	5.365	14-1/6 years	Jan. 3, 1937
Apr. 1, 1922	AB	15,000,000	30 yr 5s	7,602,633.91	5.1749	29-5/12 years	Apr. 1, 1952
Oct. 2, 1922	AC	20,000,000	20 yr 5s	19,529,047.20	5.21	19-11/12 years	Oct. 1, 1942
May 2, 1921	TT	184,000	15 yr 6s	180,209.60	6.2131	13-1/2 years	May 2, 1936
		293,000		313,091.00	5.3303	13-1/2 years	May 2, 1936
Sept. 15, 1921	WW & YY	4,710,500	22 yr 6s	4,552,227.20	6.284	20-7/8 years	Sept. 15, 1943
Nov. 1, 1921	-	525,000	7 yr 6s	504,087.50	5.17	6 years	Nov. 1, 1928
Oct. 15, 1922	H	5,000,000	6 mos. 5½s	4,976,500.00	6.4237	5-2/3 months	Apr. 25, 1923
Oct. 1, 1922	J	1,000,000	1 yr 5s	1,000,000.00	5.00	11 months	Oct. 1, 1923
Sept. 28, 1922	Bank Loan	5,000,000	-	5,000,000.00	6.00	-	On demand
Oct. 4, 1922	Bank Loan	4,000,000	-	4,000,000.00	6.00	-	On demand